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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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SECRET

C O N T E N T S

(Information as of noon EST, 24 December 69)

Far East

	<u>Page</u>
THE WEEK IN PERSPECTIVE	1
VIETNAM	2
<p>Hanoi has given extensive treatment to recent statements by Defense Minister Giap. In a major new article, Giap indicated that Hanoi's response to the allied Vietnamization program will be an attempt to drag out the war indefinitely.</p>	
SOVIET ATTITUDES TOWARD LAOS	4
<p>Although the Soviets have been active recently in the diplomatic and propaganda spheres on the Lao-tian situation, Soviet policy remains unchanged.</p>	
COMMUNIST OFFENSIVE IN LAOS STILL STALLED	6
<p>Casualties are mounting on both sides, however, as the Communists attempt to improve their position in the Plaine des Jarres area and to secure their supply lines.</p>	
THAI-US RELATIONS TAKE ANOTHER THUMPING	8
<p>Thai government leaders have voiced their strongest criticism of the US in several years.</p>	
PEKING SENDS "FOREIGN DEVILS" PACKING	9
<p>The release of detained foreigners apparently is motivated by Peking's decision to return to more conventional diplomatic practices.</p>	

SECRET

SECRET

Europe

THE WEEK IN PERSPECTIVE	11
USSR SEEKS BETTER ECONOMIC PERFORMANCE	12
The regime is programing a recovery of growth in 1970.	
IAEA ENTERS NEW ERA	14
New obligations are creating pressures for change within the International Atomic Energy Agency.	
EAST GERMANS AND POLES REPLY TO BONN'S INITIATIVES	15
Pankow has invited Bonn to begin discussions on a stiff East German draft treaty, and Warsaw has accepted Bonn's offer to engage in political talks.	

Middle East - Africa

THE WEEK IN PERSPECTIVE	17
-------------------------	----



25X1

ARABS AND ISRAELIS REAFFIRM THEIR INTRANSIGENCE	19
The Arab summit conference in Rabat this past week dealt almost exclusively with Arab military preparations, while the Israelis made a harsh official, public rejection of US proposals for a settlement with Egypt and Jordan.	
ASSASSINATION ATTEMPT MADE ON UGANDA PRESIDENT	20
Uganda remains calm following the attack on President Milton Obote last week; the government has taken advantage of the shooting to ban all opposition parties.	

SECRET

SECRET

Western Hemisphere

- THE WEEK IN PERSPECTIVE 21
- TORRIJOS CONSOLIDATES HIS POSITION IN PANAMA 22
General Torrijos has appointed a new team in the government and the National Guard following last week's coup attempt. He will now probably turn his attention to social and political reform.
- CASTRO EVALUATES CUBA'S SUGAR-HARVEST PROGRESS 22
Fidel Castro has expressed optimism that his goal of ten million tons will be achieved, but several factors are likely to cause the harvest to fall as much as two million tons short.
- ARGENTINA TO HAVE RESPITE FROM POLITICAL TURMOIL 24
The arrival of Argentina's summer will provide the Ongania government a welcome respite from the political turmoil and violence that have continued sporadically since May.

SECRET

SECRET**FAR EAST**

Hanoi marked the 25th anniversary of the North Vietnamese Army by giving full play to a major new statement by Defense Minister Giap on the future course of the war. Giap seems to say that Hanoi's response to the allied Vietnamization program will be an attempt to drag out the war indefinitely. In doing so, he echoes the gradual step-by-step approach to fighting the war that was laid out in mid-1968 by leading politburo member Truong Chinh.

[redacted] demonstrators invaded the chamber of South Vietnam's Lower House this week to demand the ouster of three deputies accused of supporting the Communists. This action, following an earlier threat by President Thieu that the "people and army" would take matters in their own hands if the assembly did not remove the legislators from office, suggests that Thieu may have abandoned his recent efforts to cultivate improved relations with the National Assembly. Thieu's tactics may reach the point of endangering passage of government-supported legislation now under consideration.

25X1

Thai leaders, already deeply troubled over the nature of their relations with the US, have reacted sharply to what they believe was US interference with a pending sale of Thai rice to South Vietnam. In the past the Thai have been careful to mute their differences with the US, but both Prime Minister Thanom and Foreign Minister Thanat have made the issue a central theme in recent press conferences. They have indicated they may pursue the controversy during Vice President Agnew's coming visit to Bangkok.

Communist forces in north Laos are intensifying their efforts to improve their position in the Plaine des Jarres area and to secure their supply lines. The Communists have not thus far made much progress in achieving their goals, and casualties on both sides have been mounting. It is doubtful, however, that the government guerrillas can long sustain their relatively high combat losses when the expected Communist offensive in the Plaine des Jarres area goes into high gear, probably within the next several weeks.

The Chinese Communists are continuing their efforts to resume a more normal diplomatic posture and, in line with this objective, have released more foreigners detained during or in the wake of the Cultural Revolution. These moves are not designed primarily to improve individual state-to-state relations, and the Chinese are not releasing aliens who they believe have engaged in espionage. [redacted]

25X1

SECRET

SECRET

VIETNAM

New Word From Giap

The celebration last week of the 25th anniversary of the founding of North Vietnam's army was marked by Hanoi's extensive treatment of major statements by Defense Minister Vo Nguyen Giap. A major new article by Giap was published in installments in both the army and party newspapers, and broadcast to domestic audiences. Although the full text is not yet available in Washington, the article is loaded with clues to the Vietnamese Communists' intentions in the war.

Giap's main theme follows the party's line calling for a "people's war" and stipulating how it must be applied to the situation in South Vietnam today. His message is replete with the usual rhetoric associated with such statements, but he provides the clearest overt indication to date that Hanoi's response to the allied Vietnamization program will be to try to drag out the war indefinitely. Giap repeatedly stresses the need for the Communists to preserve and to build up their military and political forces, to safeguard and to expand their base areas, and to be in a position to take advantage of whatever opportunities may come their way in the course of protracted warfare.

Giap calls for strong, continuing military action, of course, but his emphasis on ensuring that

adequate preparations precede climactic phases of the struggle strongly suggests that Hanoi believes much more spadework is needed before the Communists will be ready to attempt another head-on military challenge in South Vietnam. Giap's whole approach suggests that the Communists will continue to rely mainly on guerrilla action, rather than big-unit operations, while they try to protect and to better their over-all position in South Vietnam. In this regard, Giap echoes the gradual, step-by-step approach to the war set forth by leading politburo member Truong Chinh in mid-1968.

Problems With Recruiting

General Giap's stress on the need for an army to mobilize mass support for a successful war effort probably is aimed at North Vietnam as well as at the South. An authoritative editorial in the party newspaper on 15 December strongly suggests that Hanoi is having trouble with military recruiting. The editorial comes in the wake of a special political conference earlier in the month that implied the Communists were having trouble both with the availability and motivation of army recruits. Giap touched on this when he referred to the problems involved in moving from a system of volunteers to compulsory military service.

Although there is no evidence to date that Hanoi is failing to

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meet its draft quotas, the regime obviously is concerned about increasing problems of morale and motivation among those segments of the population on which it must rely to carry on the war in the South. Well-disciplined and indoctrinated troops have in the past been among Hanoi's strongest assets in the war. The regime clearly is taking remedial measures in an attempt to head off what could become a significant weakness.

South Vietnamese Political Developments

Relations between South Vietnam's executive and legislature have deteriorated further as a result of weekend demonstrations demanding the ouster of three Lower House deputies whom the government has accused of supporting the Communists. In Saigon about 100 protesters broke into the Lower House chamber on 20 December, interrupting a legislative session with anti-Communist and antineutralist harangues and causing some property damage. The following day, several thousand northern Catholic refugees staged an orderly demonstration in Bien Hoa city north of Saigon calling for the removal of the three deputies.

According to the press, some of the participants in the Saigon demonstration were paid to march, and police made little effort to curb the violence at

the Lower House.

25X1

The demonstrations followed several public warnings by Thieu earlier this month that, if the Lower House failed to remove the three legislators from office, the "people and the army" would take matters into their own hands. These developments suggest that the President may have abandoned his recent efforts to cultivate improved relations with the National Assembly in favor of pressure tactics to get the legislators to accede to his wishes. Thieu's supporters in the assembly had attempted earlier to recruit progovernment majority blocs to support government programs in both houses of the assembly, but this attempt fell well short of its objective. Thieu may also have become angered at the assembly's harsh reaction to the austerity tax decree imposed by the government in late October.

So far, the assembly's response to the demonstrations indicates that Thieu's tactics are unlikely to produce action against the three deputies but may instead endanger the passage of government-supported legislation now under consideration. Opposition elements in both houses have publicly accused the President of inspiring

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the demonstrations, and the Upper House has established a special committee to investigate the matter. Legislators have been particularly upset by Thieu's apparent lack of regard for constitutional procedures and some have accused him of preparing to establish a military dictatorship. Any widespread impression that the government is not respecting constitutional procedures and institutions would deepen the public distrust that has developed since austerity taxes were announced in late October.

Military Developments

Communist military activity remained relatively light preceding and during the first hours of the enemy's unilateral three-day holiday cease-fire. There had been numerous indications that the Communists were planning some kind of show of force in the period just before Christmas.

The reason for the recent low level of enemy action is not clear, but some slippage in the Communists' timetable is not unusual. Some of the enemy's actions during the past several weeks may have represented an effort to launch some sort of "highpoint," but the recent pattern of uncoordinated offensive thrusts together with the failure of some units to launch scheduled attacks has apparently prevented the enemy from making an effective show of force.

All factors considered, it appears that spurts of enemy offensive action will take place between Christmas and New Year's Day or shortly after the holiday season. It would take some weeks before enemy forces could be ready for a large-scale effort. The most likely areas of any heavy action in early 1970 include the northern delta, northern III Corps, the central highlands, and the Demilitarized Zone area.

25X1

SOVIET ATTITUDES TOWARD LAOS

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The Soviets have been active recently on the diplomatic and propaganda fronts in the Laotian situation, but basic guidelines of Soviet policy remain unchanged.

SECRET

25X1

Although Moscow does not see the current political situation as satisfactory, it considers it more acceptable than several of the options. The Soviets would rather see a continuation of the Souvanna government than an upheaval that would swing the government strongly to the right or open new opportunities for Peking. As a result, Moscow's propaganda, while supporting Hanoi's line, generally avoids criticizing Souvanna himself. The Soviets in the past have also demonstrated a willingness to act as an intermediary between the warring faction without abandoning their support for Hanoi, of course.

Disturbances of the status quo, such as exceptional military activity by either side that tempts the other to make reprisals, tend to cause the Soviets apprehension. Soviet propaganda, including a formal Foreign Ministry statement on

30 October, has focused heavily on the recent US air-supported, government military successes in Laos in a manner that suggests Moscow expects a strong response and is anxious that it be considered a reaction rather than a new offensive. Soviet propaganda has also sought to capitalize on recent congressional and press attention to the US role in Laos by stressing US bombing and support for Vang Pao's offensive.

Moscow's desire that the situation not come apart is partially responsible for its supporting a continuation of the ICC peacekeeping machinery in Laos and Cambodia. The Soviets over the past two months have made several remonstrances to the Canadians not to carry through with their plans to withdraw from Phnom Penh and Vientiane even though the ICC is largely moribund. In addition, Moscow probably wants to keep all the trappings of the 1962 Geneva agreement intact in order to assure itself some voice in any future Laotian settlement.

25X1

The Soviets have clearly been concerned about the increased scope of Chinese roadbuilding in northern Laos and at least one Soviet official in Laos has suggested that it would not be a bad idea for the US to bomb the Chinese project.

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COMMUNIST OFFENSIVE IN LAOS STILL STALLED

Communist forces in north Laos have made little progress with their step-up in military activity, but casualties are mounting on both sides. The latest round of attacks was highlighted by a North Vietnamese commando raid on 18 December against the Xieng Khouang airfield, an important government support base on the Plaine des Jarres. The position was held, but at the price of 43 killed.

The Communists also are intensifying efforts to secure their supply lines, which have been under steady ground and aerial harassment since early September. Over the past week, government guerrillas have been pushed out of a number of positions astride an important network of Communist supply trails in eastern Xieng Khouang Province and in the area of the junction of Routes 7 and 71. Fighting near the road junction has been unusually heavy. The importance the enemy attaches to securing this area is underscored by the fact that within a two-month period well over 500 North Vietnamese troops have been killed attempting to overrun Phou

Nok Kok, a strategic highpoint overlooking Route 7.

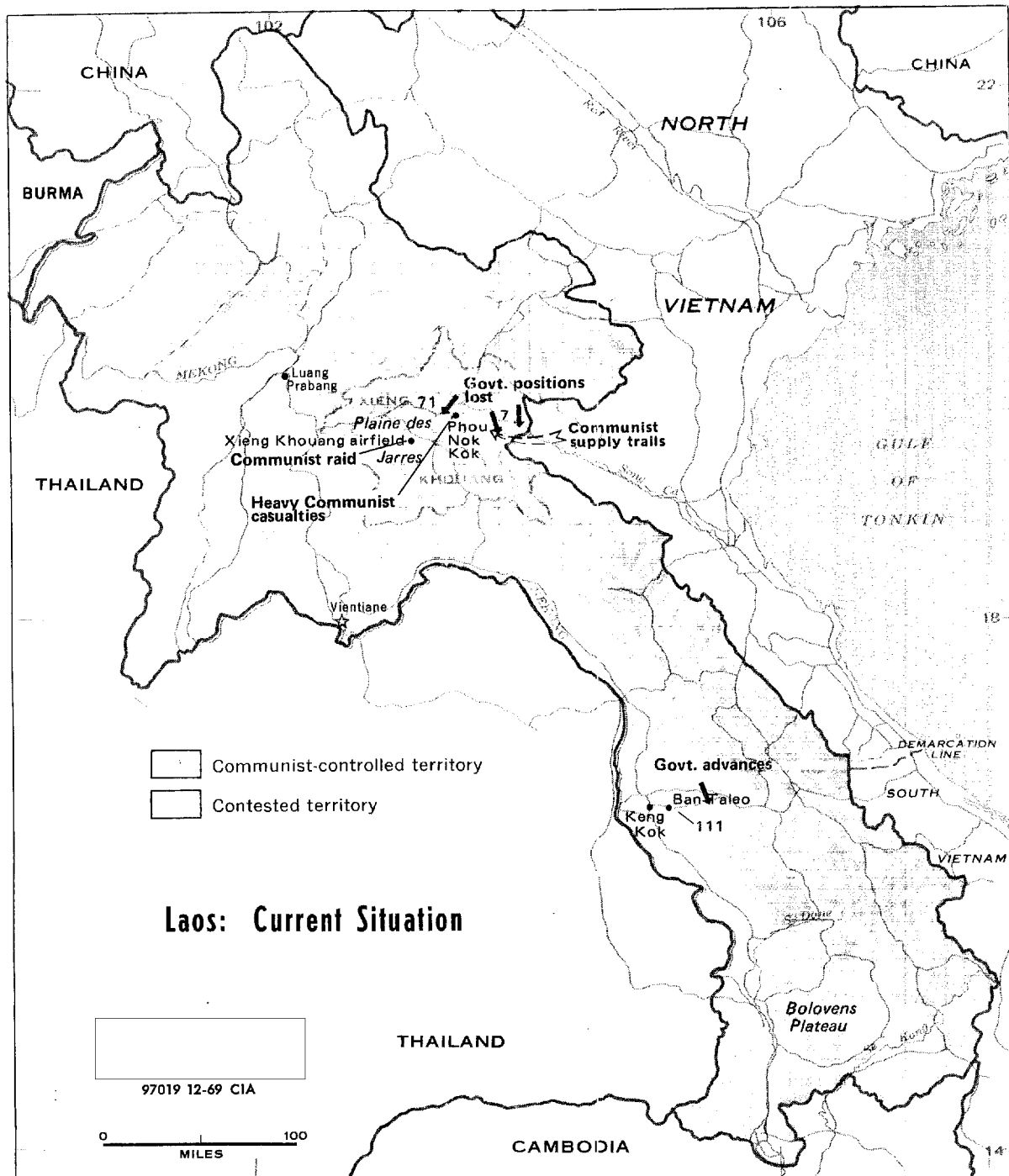
In recent days an additional 50 North Vietnamese have been killed in related actions, but at a high price to the government's forces. It is doubtful that the limited number of government guerrillas can long sustain their relatively high combat losses and still hold key highpoints near the Plaine des Jarres when the expected Communist offensive goes into high gear. In view of the presence of elements of two North Vietnamese divisions near the Plaine, it seems likely that the Communists will follow past practice and move toward large-scale offensive activity in the next several weeks.

In the South, government guerrillas have reoccupied several positions astride Route 111 in a move to block Communist units farther to the west. These limited gains should temporarily ease the pressure against the politically important villages of Ban Taleo and Keng Kok, which have been the scene of the most recent Communist military activity.

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THAI-US RELATIONS TAKE ANOTHER THUMPING

Thai government leaders have voiced their strongest criticism of the US in several years over what they believe to be US interference with a pending sale of 20,000 tons of Thai rice to South Vietnam. Some cabinet officials assert that Saigon withdrew from the negotiations on US "orders," and they view the substitution of a delivery of US rice to Saigon as clear evidence of US chicanery. Foreign Minister Thanat has led the attack, implying to the US ambassador that Washington's action was deliberately cutthroat and labeling as specious the ambassador's explanations to the contrary.

Although the Thai leaders in a more halcyon period might have treated the incident as an isolated one, it has come at a time when they are deeply troubled over the nature of their relations with the US. Already apprehensive over what they believe to be a weakening in the US commitment to Thailand's security and dismayed over criticism in the US of Thailand's role in the Vietnam war, the Thai are reacting strongly to each instance in which Washington appears to be downgrading Thai interests.

Bangkok is apparently prepared to pursue the rice issue forcefully in an effort to regain an appearance of equality in its dealings with the US. Although the Thai have been careful in the past to mute their differences with the US, both Thanat and Prime Minister Thanom have made the issue a central theme in recent press conferences. Thanom also said his government plans to put the controversy on the top of its list of things to discuss during Vice President Agnew's coming visit to Bangkok. Thanat has already warned the US ambassador that a formal protest might be made if Washington is not "responsive" to his strong verbal protest.

Although the Thai can be expected to press hard for greater US recognition of Thai interests, for instance in the rice trade, they are aware of the limited leverage they can apply. The dispute over the rice contract will probably not go much beyond protests, but the Thai could complicate other matters of mutual concern, such as the determination of who has criminal jurisdiction in cases involving US personnel in Thailand.

25X1

SECRET

PEKING SENDS "FOREIGN DEVILS" PACKING

The Chinese are continuing to release foreigners detained in China in order to remove what has become an embarrassing residue of Cultural Revolution xenophobia affecting their efforts to resume a more normal diplomatic posture.

The latest move in this area occurred on 20 December when Peking announced the release of a prominent Japanese journalist who had been detained for 18 months under suspicion of espionage. The announcement claimed that the journalist had committed numerous crimes for US imperialism and for Japanese reactionaries, but added that Peking had decided to be lenient and deport him.

Since the release of Reuters correspondent Anthony Grey last October, Peking has acted on a number of similar cases. Thus far six Britons, six Japanese, seven Germans, and two Americans have been freed. The releases appear to be motivated primarily by Peking's decision to return to more conventional diplomatic practices, and in general these actions do not appear designed to improve state-to-state relations with any one country.

The Chinese, in fact, appear to be making a distinction between those who have allegedly committed minor offenses or were victims of the antiforeign feeling of the past three years, and aliens who they believe have engaged in serious espionage. On 22 October, for example, Peking announced that a German technician accused of being a "US spy" had been sentenced to ten years in prison. Similarly, the Chinese have as yet shown no signs of considering the release of a number of other foreigners detained for espionage, and inquiries on their behalf have been rebuffed.

The arrest of two elderly British residents in China--one of whom has a serious heart condition--by Shanghai authorities in late October represents the only apparent inconsistency in this recent Chinese program. The two almost certainly are innocent of any serious criminal activity, but the Chinese have continued to hold them and have refused to consider official British inquiries concerning their well-being. Although it is possible that the arrests were made as a prelude to deportation, it appears more likely that the Britons were detained by local authorities without instructions from Peking. If the two Britons are pawns in some maneuvering between Shanghai and Peking authorities, it may be some time before they are freed.

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Page 10 WEEKLY SUMMARY 26 Dec 69

SECRET**EUROPE**

The Soviet press has treated the wind-up of the SALT talks in Helsinki this week in an approving fashion, including cautiously hopeful remarks about future progress when the discussions resume in Vienna next April. Soviet sources are not so sanguine about the prospects of the talks with China, which should reopen soon with the expected return to Peking of Moscow's chief negotiator, First Deputy Foreign Minister Kuznetsov.

Czechoslovak party leader Husak is using the recent visit to Prague of Hungarian party boss Kadar to foster the idea that the Czech regime's repressive policies will eventually be moderated. Two days after Kadar went home, Husak told a Hungarian correspondent that he intended to steer a moderate course between ultraliberalism and archconservatism, a policy that has won Kadar dividends over the years since 1956. Elsewhere in Eastern Europe, Pankow and Warsaw have replied to recent overtures from Bonn.

It now appears likely that the Nonproliferation Treaty (NPT) will enter into force at ceremonies in late January. More than 20 countries—mostly former British dependencies whose ratification procedures do not require parliamentary consent—should complete ratification by that date, thus placing adherents somewhat above the 43 required for the treaty's entry into force.

The agreement on European Communities (EC) financing that emerged from a marathon negotiating session last weekend augurs well for the internal development of the EC and for its expansion to include new members. The plan, which still must be approved by the Six national parliaments, calls for the eventual strengthening of EC institutions, particularly the European Parliament. The accord satisfies the condition that France had insisted upon before the Six began work on a common position for negotiating with the UK.

25X1

SECRET

USSR SEEKS BETTER ECONOMIC PERFORMANCE

After a year marked by poor over-all economic performance, the regime is programing a recovery of growth in 1970. Although no marked shifts in the allocation of resources among the principal claimants appear to be planned, there is somewhat greater emphasis on growth-oriented investment and a moderate slowdown in the pace of improvement in consumer welfare.

The explicit defense allocation in the state budget is only one percent higher than last year, but other indicators suggest that the increase in total military and space expenditures probably will be greater. Outlays for "science"--a category that includes most space and defense research and development activities--are scheduled to rise by nearly 9.5 percent in 1970. A

SELECTED INDICATORS OF SOVIET PERFORMANCE, 1966-70

ANNUAL PERCENTAGE RATES OF GROWTH (rounded to nearest half percent)

HIGHLIGHTS OF 1970 PLAN

		1966-68	1969		1970 Plan
		Actual	Plan	Actual	
I. MAJOR AGGREGATES <i>Plan Goals Mixed</i>	Gross National Product (Western concept)	6	6	2.5 to 3	6.5
	Industrial Production	6.5	7.5	5	6.5
	Agricultural Production	5	6	-3 to -4	8.5
II. INVESTMENT <i>Moderate Acceleration</i>	Total	8	6	4.5	7.5
	Consumer-Oriented Sectors	9.5	13	5	8
	Growth-Oriented Sectors	6	-2	3.5	7
III. MACHINERY ALLOCATION <i>Lower Growth in Civilian Sector , Implying Boost in Military/Space Uses</i>	Allocated to Civilian Uses	8	7.5	6	5
	Allocated to Military/Space Uses	7	NA	6	NA
IV. RESOURCES ALLOCATED TO AGRICULTURE <i>Emphasis on Fertilizer</i>	Deliveries of Machinery	5	10	9	5.5
	Deliveries of Mineral Fertilizer	10	6	5.5	20
	Additions of Reclaimed Land (million acres)	2.8 (avg. annual)	2.8	2.8	2.8
V. CONSUMER WELFARE (PER CAPITA BASIS) <i>Moderate Slowdown</i>	Consumption	5.5	5.5	4.5	3.5
	Retail Trade	7.5	6.5	6.5	6
	Housing Space	2	2.5	1	1.5

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significant increase in production of military and space material is also implied by the gap between the 9 percent increase planned for total machinery output and the 5 percent increase planned for output of machinery for civilian uses--investment and consumer durables.

Real income per capita (including wages, salaries, farm income in kind, and welfare payments) is scheduled to increase 5 percent, about the same as in 1969 but less than the average rate of growth achieved during 1966-68. A sharp decline in the growth of wages is to be offset by a boost in various welfare expenditures. The planners probably are trying to hold down money incomes because there are not enough consumer goods to satisfy demand at present wage and price levels. Available indicators suggest a planned rise in per capita consumption of about 3.5 percent--well below the 5.5 percent average annual rate of increase posted in 1966-68.

The poor performance of the farm sector in 1969 has not provoked the regime to undertake a crash program to expand the agricultural resource base. A marked acceleration in deliveries of mineral fertilizer is planned,

but the scheduled allocation of machinery and other major inputs in 1970 is at or below the unimpressive rates of growth posted in 1966-69. Moreover, there is a strong likelihood that deliveries of fertilizer to farms will increase about 3 to 4 million tons instead of the planned 8 million tons. If the flow of resources to farms does not increase appreciably, the prospects for a substantial boost in agricultural output in 1970 are dim under average weather conditions.

Industrial production is to grow by about 6.5 percent next year, the lowest rate planned since World War II. The levels of output targeted for industrial materials are well below both the five-year plan goals set in 1966 and the reduced goals set in 1967. However, there are indications that, after several years of slow growth of investment in heavy industry, the regime plans to effect a major expansion of investment in new plant and equipment for at least the fuels, chemicals, and machinery sectors. Surprisingly, even though the regime has expressed its disappointment in the performance of ferrous metallurgy, only a modest 6.5 percent rate of growth is scheduled for investment in both ferrous and nonferrous metallurgy.

25X1

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IAEA ENTERS NEW ERA

With the entry into force of the Nonproliferation Treaty (NPT) drawing near, the International Atomic Energy Agency (IAEA) is beginning to prepare itself for the increasingly important role in world affairs that the NPT imposes on it.

Under Article 3 of the NPT, all nonnuclear-weapon states that are party to the treaty must begin safeguards negotiations with the IAEA within six months of the treaty's entry into force. Agreements between the IAEA and these states to prevent the diversion of fissionable material from peaceful uses should be concluded within 18 months after the beginning of negotiations.

The UK wants the IAEA to set up a safeguards committee at its Board of Governors meeting in February. The committee, according to the British draft proposal, would advise the board on the desirable form and content of a "widely applicable" safeguards agreement. The UK hopes that IAEA members who have not signed the NPT will be encouraged to do so by participating in defining the IAEA position on safeguards.

The safeguards agreement to be worked out with the European Atomic Energy Community (EURATOM) will be particularly important. The respective jurisdictions of the two organizations in implementing the safeguards function will have to be defined. Should

the IAEA concede too much to EURATOM's own system, this could encourage the creation of other regional systems seeking similar privileges. The formulation of EURATOM's negotiating position may be hastened by Bonn's recent signature of the NPT.

At its February meeting, the Board of Governors may also consider the demands of many IAEA members for an increase in the number of board participants. An expansion of the board presumably would increase confidence in the IAEA and facilitate adherence to the NPT and the conclusion of safeguards arrangements. Under the terms of Article 6 of the IAEA statute, the board is now composed of 26 members, with 5 seats reserved for those IAEA member states "most advanced in the technology of atomic energy including the production of source materials."

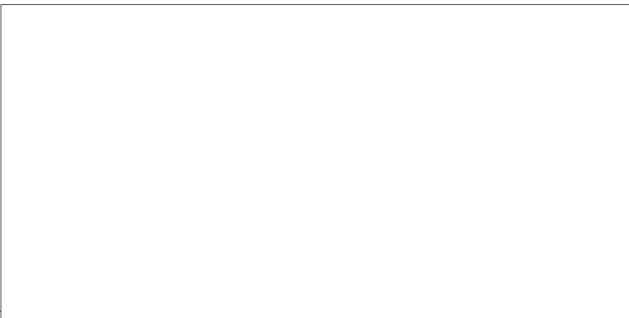
The Western powers apparently will support an Italian proposal to revise Article 6. Rome wants the board expanded to 33 members, and to have Italy and West Germany placed in the "most advanced" category. Serious resistance to the Italian plan is evident among Communist countries, the Scandinavians, and the Africans. The chief Soviet representative at the IAEA prefers to delay the revision of Article 6 until 1971 or 1972. He is also opposed to the addition of more than four members to the board; none of these would be in the "most advanced" category.

25X1

SECRET

EAST GERMANS AND POLES REPLY TO BONN'S INITIATIVES

Pankow this week suggested to Bonn that the two Germanies begin discussions on an uncompromising East German draft treaty, and the Poles replied affirmatively to Bonn's earlier offer to begin political talks with Warsaw.



The treaty calls on both sides to recognize the other under international law as an equal, sovereign state, to establish diplomatic relations and exchange ambassadors, and to recognize West Berlin as an independent entity. The treaty also calls for recognition of all existing European frontiers, including the Oder-Neisse border, and for both sides to apply without delay for admission to the United Nations.

All East German newspapers on 23 December published an article that characterized the provisions of the draft treaty as the "minimum, indispensable requirements" for establishing relations between Pankow and Bonn. In general, the article indicates that Pankow considers the treaty nonnegotiable and implies that Bonn must accept it or nothing.

It is not completely clear why the East Germans now have

adopted this rigid positions after hinting for weeks that they would be flexible in dealing with the Brandt government. The article, however, claims the treaty is in full accord with decisions made in Moscow at the recent conference of Warsaw Pact leaders, and insists that Bonn has used every means of political and economic blackmail and diplomatic pressure against East Germany. Pankow may have been addressing these comments to its allies as well as to Bonn, and may hope that a negative reply from Bonn concerning the proposed treaty will influence its allies to be less forthcoming in their bilateral negotiations with the West Germans.

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A West German Government spokesman immediately stated that Bonn would reject Pankow's proposed treaty, but added that the West Germans are willing to continue negotiations. Prior to the appearance of the East German newspaper article, Chancellor Brandt had indicated publicly that Bonn would be willing to begin negotiations with the East Germans, possibly as early as mid-January.

Meanwhile, the Poles have replied positively to Bonn's proposal for bilateral political negotiations. Premier Cyrankiewicz indicated on 22 December that for Warsaw the primary topic for discussion is the Oder-Neisse border, and that recognition of this border by Bonn will serve as the basis for discussing other political problems.

25X1

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Page 16 WEEKLY SUMMARY 26 Dec 69

SECRET**MIDDLE EAST - AFRICA**

The Arab summit conference in Rabat, which ended on 23 December, was immediately denounced by President Nasir as having "produced nothing at all." Nasir had called for the summit in an attempt to win increased financial support for Egypt, Jordan, and Syria in the Arab-Israeli conflict. The noncombatant Arab states, however, refused to increase their subsidies.

Lebanon may be subjected to Israeli retaliatory strikes because of recent fedayeen attacks across the border. Israel reportedly believes that the Lebanese Army either condones or is unable to restrict this fedayeen activity. The Israelis have warned Lebanon that if such attacks continue, they will resort to severe reprisals. Underscoring the seriousness of the situation, Lebanese and Israeli troops fought a 75-minute artillery duel on 23 December. Should conditions deteriorate and Israel carry out its threat, Lebanon would find it difficult to resist demands from other Arab states to station their troops on Lebanese territory to protect it.

In the Nigerian civil war, federal troops are maintaining pressure against Biafran forces on the northern and southern fronts. Although the rebels have been pushed back in some areas, there is no indication that Biafran resistance is on the verge of collapse.

The recent expulsion of the Peace Corps from Somalia indicates that the influence of the young officer clique on the Supreme Revolutionary Council is increasing. The expulsion apparently was opposed by the civilian cabinet secretaries [redacted]

[redacted] Popular disenchantment with the regime also seems to be growing.

In India the two factions of the Congress Party are meeting separately in national conventions. The opposition Congress, under the leadership of the old guard, at its meeting last weekend was able to attract a considerable number of delegates, proving, at least for the present, that it has nationwide support and is a major political force. Mrs. Gandhi's ruling Congress is meeting this weekend and is expected to pass politically popular resolutions calling for radical new economic moves. [redacted]

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SECRET

25X1

ARABS AND ISRAELIS REAFFIRM THEIR INTRANSIGENCE

The Arab summit conference in Rabat this past week dealt almost exclusively with Arab military preparations and their financing.

Although Arab moderates were able to prevent the conference from completely excluding the possibility of a peaceful solution to the Arab-Israeli conflict, the emphasis was on military developments. Cairo called for all Arab countries to commit troops and weapons to reinforce Egypt, Jordan, and Syria along the cease-fire lines. Opposition to this proposal prompted Egyptian President Nasir to walk out of the conference for a short time on Tuesday.

Morocco, Algeria, and Tunisia supported the Egyptian plan in principle but hedged when it came to offering actual support. Algerian President Boumedienne, apparently still scornful of the Egyptian military showing in 1967, is alleged to have flatly refused Nasir's request for aircraft. Boumedienne is quoted as saying, "We are prepared to give you anything you want if we are going to war with Israel, but if we are not

going to fight then we are not prepared to give."

According to press reports, the fedayeen movement is to receive more money and arms. Arab governments are to provide the Palestine Liberation Organization with a minimum of \$19 million during the coming year. Boumedienne reiterated his oft-repeated advice that the Palestinians should lead the Arab war to regain their lost homeland.

Israel's long-standing opposition to Big Power "intervention" in peace negotiations erupted this week in a harsh official, public rejection of US proposals for a settlement with Egypt and Jordan. Following an emergency cabinet session in Jerusalem on 22 December, the Israelis bluntly denounced the US proposals as "appeasement" of the Arabs and stated flatly that Israel would reject any external attempt to impose a solution. The Israelis have long held that the only role the Big Powers could play was to get the parties to the negotiating table, and that the details of a settlement--particularly those

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affecting territorial questions-- must be worked out by the parties involved.

The Israeli denunciation comes after what the Israelis regard as a long process of "erosion" in US policy. They now charge that the US is trying to improve its position with the Arab states at the expense of Israel's "vital interests." Heretofore, Israel has been content to voice its opposition in private, confident that continuing Arab opposition to US proposals on the Middle East would obviate the need for Israel to denounce the proposals publicly.

Now, however, Tel Aviv clearly believes that the "erosion" has gone too far and that Israel must put itself on public record.

Clearly, Israel is now going to try to generate sufficient pressures in the US to get it to modify its policies. Failing this, Tel Aviv will at least have made known to the US exactly what its position is, and has indicated that it is going to stand pat come hell or high water. As Mrs. Meir put it, "We did not fight three wars in order to commit suicide."

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ASSASSINATION ATTEMPT MADE ON UGANDA PRESIDENT

Uganda remains calm following the assassination attempt on President Milton Obote last week. A state of emergency continues throughout the country, but a curfew put into effect after the shooting was quickly rescinded. Some over-reaction and uncontrolled violence by the army while enforcing security--a common practice in the past--has again caused some apprehension among observers in Kampala.

Obote is recuperating from facial wounds and will be inactive for a short period. His temporary absence may prompt some of his opponents to maneuver against him, but Obote should be able to maintain control even though convalescing.

The authorities apparently have made little progress in their investigation of the shooting. A man with a gun was arrested near the scene but it is not known if he is actually the assailant. The man is reportedly

from the Baganda tribe, however, and the police are speculating that a small group of disgruntled Baganda engineered the attempt as revenge for the recent death in exile of their tribal leader, the ex-Kabaka (King), whom Obote ousted in 1966.

The government took advantage of the shooting to ban all opposition political parties. This move may have come about in any event, however. At the time of the attack, Obote had just left the annual convention of the ruling Uganda People's Congress, where he had received a mandate to make Uganda a one-party state in preparation for the national elections planned for sometime within the next 18 months. A number of opposition politicians and a relative of the former Kabaka have been detained, but no attempt has been made to implicate them or the opposition parties in the assassination attempt.

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The controversial investment contract between the Peruvian Government and the US-owned Southern Peru Copper Company (SPCC) was signed on 19 December. SPCC reportedly accepted the government's seven contract changes but still believes it obtained favorable terms for the development of its Cuajone copper concessions. A high SPCC official told the US ambassador that the company will have no problem financing the project through its own resources along with suppliers' credits from Europe and Japan. Second-echelon civilian officials, including one of the early critics of the contract, signed for the government.

Ecuadorean President Velasco has apparently accepted the resignation of his minister of education as demanded by the country's striking teachers. Velasco's rumored choice for the position is a moderate socialist, whose appointment would balance that of the conservative minister of finance announced earlier this month.

Cuba has probably initiated a program to seek closer ties with its Caribbean neighbors. After a brief stay in Guadeloupe, four members of a Cuban agricultural research team traveled to Trinidad on 16 December to meet with faculty members of the University of the West Indies and to discuss advances in the Cuban sugar industry. The fifth member of the team went to Martinique to confer on Cuban marble shipments to the island.

The Guyana-Venezuela Mixed Border Commission talks have broken down again. There has been no official statement from either government concerning the sudden disruption of the talks, which opened in Buenos Aires last week. [REDACTED]

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Despite some minor border incidents last week, tensions between Honduras and El Salvador remain at a low level. The Organization of American States is continuing to phase out its civilian personnel and military observers, and the Central American economic ministers are planning a special meeting in January to iron out Common Market problems.

President Ongania has given Argentina's public employees a Christmas present of a general pay raise effective on 1 January. The hike applies to both military and civil servants and represents a continuing effort by the government to remove some of the causes of labor unrest that surfaced during the serious disorders of last May and June. [REDACTED]

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TORRIJOS CONSOLIDATES HIS POSITION IN PANAMA

The dominant position of National Guard Commandant General Torrijos appears assured, at least over the short term. The ease with which last week's abortive coup attempt was crushed clearly demonstrated Torrijos' control over the country's only armed force. Moreover, his style and verve seem to have caught the popular imagination and his image is now more that of the hero than of the tyrant.

Torrijos already has made changes in the Guard hierarchy and in the government, including the appointment of two close personal friends, Demetrio Lakas and Arturo Sucre, to the new civilian junta that nominally heads the government. Lakas, who is now President of the Provisional Junta Government, views himself as one of the few men in Panama who can argue freely with the General, and he may be somewhat less of a figurehead than was his predecessor, Colonel Pinilla. Torrijos will continue to be the real power in Panama, however.

Although there may be more personnel changes as Torrijos continues to review the support he received from key officials, primary attention will probably turn to political and social reform. Torrijos' plans are still in the formative stage, but he will probably renew his efforts

to establish an official party that would bring an end to the traditional domination of the political system by the oligarchy. This government party is likely to be organized on a sector basis with representatives of peasant, worker, student, and professional groups. Torrijos' plan to organize a government-controlled labor federation is part of his attempt to organize a popular base of support, and may be the first step in the formation of the government party.

Although Torrijos has moved to limit the political influence of the oligarchy, he has not interfered with its economic interests and has expressed concern over improving the climate for investment. His efforts to build labor support have already aroused suspicion among business groups, however, and any increase in the level of revolutionary rhetoric could destroy investor confidence.

Another matter about which Torrijos feels strongly is revision of the 1903 Canal Treaty with the US. The General's improved power position and increased popularity are likely to give him a sense of confidence that the US Embassy believes will lead him to press more strongly for a resumption of treaty negotiations.

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CASTRO EVALUATES CUBA'S SUGAR-HARVEST PROGRESS

During an interview last Saturday, Fidel Castro expressed his usual optimism regarding the current pace of the 1970 sugar harvest. He underlined his inten-

tion to brook no interference in reaching his goal of ten million tons, however, by threatening the immediate execution of anyone sabotaging production. Castro's

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optimism notwithstanding, a massive and extended mobilization of the population operating under optimum conditions will be necessary if the goal is even to be approached. A multitude of factors is likely to cause the harvest to fall far short of the mark, perhaps by as much as two million tons.

Although Castro had earlier acknowledged his disappointment with the first stage of the harvest, he now appears to be more satisfied with the progress being attained. Statistics published in Cuba's newspaper indicate that the first million tons would have been produced by about 23 December. The current daily national average, with more than three-fourths of the country's 152 mills in operation, is between 25,000 and 30,000 tons. This will increase, according to Castro, to a daily average of 60,000 tons by next March--about 6,000 tons higher than the average during this period in previous years. He predicted that the over-all goal would be reached in the first half of July 1970.

Much of Castro's confidence seems to stem from the favorable milling yield achieved in several provinces. The current yield of between nine and ten percent for the country as a whole, however, is considered no more than normal for this time of year. This figure can be expected to rise in early 1970, traditionally the period of highest yield. If maximum milling yields are to be achieved, however, the cut cane must be transported quickly to

the mills. Judging from past performance, Castro's transportation system may not be able to meet this challenge.

Other more important questions are the ability of the Cubans to harvest all of the approximately 3.8 million acres of cane (they are already behind schedule), and to keep the mills in continuous operation throughout the extended harvest. The regular season for most mills is 90 to 125 days, and this year's harvest, which in many cases will require a much longer operating period, will severely test the ingenuity of the Cuban technicians and their Soviet and East European counterparts to maintain the machinery in good working condition.

Castro's statement that "we are going to shoot anyone who tries to sabotage the harvest" suggests there may be something to a recent press report that three persons have been executed for damaging a large mill in Camaguey Province. The press account claimed that 14 other persons connected with the incident had received long prison terms. If the three were indeed shot, a total of eight executions will have taken place so far this month. The severity of these sentences, the first publicly acknowledged capital punishment since November 1968, is apparently designed to bring home the "no-nonsense" attitude Castro is taking toward anyone unwilling to adapt to the Revolution.

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ARGENTINA TO HAVE RESPITE FROM POLITICAL TURMOIL

The arrival of Argentina's summer and the customary letup in political activity until March will provide the Ongania government a welcome respite from the political turmoil and violence that erupted last May and continued sporadically through November.

Recent conciliatory actions by the government--such as the release of all political prisoners and a wage hike for workers--have temporarily eased pressures on the administration and have given it a limited amount of time to work out solutions to current economic and social problems. The Ongania government has lost popularity because of the way it handled the student and labor disturbances last summer and because of the lack of progress on its economic stabilization program.

The government's efforts to control inflation have been complicated by the necessity to secure a temporary measure of labor peace by giving in to the demands of trade unions. These concessions include an 18-percent wage hike phased over the next three months, the amnesty of 109 individuals accused of political crimes, and the pardoning of all persons convicted by military tribunals following the violence that erupted last summer. A further demand, the lifting of the state of siege now in its sixth month, has not yet been granted.

The regime's recent efforts have obviously been designed to improve its tarnished image and broaden popular support. The latest manifestation of this tactic was Ongania's surprise decision to consecrate the country to the Immaculate Heart of Mary despite the fact that Argentina was dedicated to the Sacred Heart of Jesus by former President Agustin Juste in 1934. Although large numbers of government and military officials attended the dedication ceremonies, church support for the move was less enthusiastic, and Cardinal Caggiano made clear that the initiative for the religious ceremony was the President's.

In general, the Argentine public was not impressed with this gambit and are still awaiting some concrete action by the government. The trade unions, now generally quiescent, are expected to renew their activity in March when union representatives press for higher wages. The closing of schools for summer vacations has brought a temporary end to teacher unrest in the provinces.

Despite the recent downturn in Ongania's popularity, his military support remains strong. Some military leaders, however, have been unhappy with the government's handling of recent problems and will be watching closely its attempts to solve the country's problems.

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